RAJYA SABHA

Monday the 13th December, 1999/22 Agrahayana, 1921 (Saka)

The House met at eleven of the Clock, **Mr. Chairman,** *in the Chair.*

MEMBERS SWORN

SHRIMATI CHANDRA KALA PANDEY (West Bengal)

ORAL ANSWERS TO QUESTIONS

Disinvestment of Hindustan Photo Films

*201. SHRI V.P. DURAISAMY: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether it is a fact that there is a proposal to disinvest the shares of the Hindustan Photo Films, Ootacamund;

(b) if so, the details thereof; and

(c) how the Ministry is going to rehabilitate the employees who would be affected after the disinvestment of the shares?

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI MANOHAR JOSHI): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) and (b) Hindustan Photo Films Mfg. Co. Ltd. (HPF) is a sick company before the Board for Industrial & Financial Reconstruction (BIFR), under the Sick Industrial Companies (Special Provisions) Act 1985 (SICA). Forming a joint venture is being contemplated in an effort to revive HPF under the aegis of the BIFR. ICICI is the Operating Agency and Pricewaterhouse Coopers, the consultant. This Ministry have been making efforts in concert with the operating agency, the consultant and the management of HPF to convert the company into a joint venture. However, efforts at locating a joint venture partner have not materialised so far.

(c) Interests of employees will be taken care of in the event of any disinvestment or formation of joint venture through the Voluntary Retirement Scheme (VRS). The Company being under the BIFR, employees are also associated in the formulation of a revival plan.

SHRI V.P. DURAISAMY: Mr. Chairman, Sir, I am not happy with the reply given by the hon. Minister. Sir, the Hindustan Photo Films was the sole company which was supplying black roll films to our film industry and x-ray films to various hospitals. In 1991, the percentage of the Central Government's holding in the company came down from 100 to 87.47. It remained so till 31.3.1997. I do not know the latest position. It is very, very unfortunate that the HPF has been declared a sick industrial undertaking by the BIFR. I want to know whether a joint-venture partner has been identified for working out a restructuring scheme for the company; if so, why has it not materialised so far, and by which date it is going to materialise? I request that the revival plan should be formulated in right-earnest, without any further loss of time; otherwise, the losses will mount up.

SHRI MANOHAR JOSHI: Sir, it is true that the percentage of the shares of the Government in this particular company has come down. It is also true that the Government has taken, in principle, a decision of bringing in a joint-venture partner for this company. Sir, the Government has been trying, since 1995, to get a joint-venture partner for this company. Three different companies have shown interest in a joint-venture, but it has not materialised so far. The Jindals had shown interest initially, but the Government found that the Jindals were not actually interested in a joint-venture. The Government came to the conclusion that the company was more interested in possessing the land, than running the company. Therefore, the Government did not think it fit to go in for a joint-venture with them. It is also true that the Birlas were interested in this company, but they also withdrew, after some discussions.

Now, the latest discussions are going on with the Kodak, and the Government is hopeful that these discussions may succeed, and we may go in for a joint-venture with them. The operating agency has already been appointed and that authority has been trying to have a joint-venture but we have not, so far, succeeded. The total equity of the Government in this compnay is 90.25%.

SHRI V.P. DURAISAMY: The Minister's answer does not fulfil the aspirations of the company. Experts feels that if Rs.150 crores is granted to HPF as a one-time payment, it can put up a unit to manufacture colour films and the same can be exported to the U.S., the CIS, the Middle-East and the Sourth Asian countries. Then, the company can go ahead and earn profit. part (a) of my second supplementary is, may I know from the hon. Minister whether he would grant Rs. 150 crores as a one-time grant to HPF?

Part (b) is, whether the employees of the HPF are getting their salary regularly? If the Government is going to revive it, what would happen to the 2,800 employees and to their families who are solely dependent on the company only? I would request the hon. Minister to see to it that the HPF is not closed down, in the interest of the workers.

SHRI MANOHAR JOSHI: I agree with the hon. Member. The Government has no intention of closing down the compnay at all. As far as possible, the Government will try its best to keep the company going. The process of making it a joint-venture company is continuing. It is not true that only Rs. 150 crores will be sufficient to revive the company. The total loss of the company is Rs. 868.30 crores. It is a huge loss. Out of this Rs.868.30 crores, approximately, Rs. 700 crores is the amount of interest. The total number of workers is 2,580. The company is situated in Tamil Nadu, in two places. The Government is sincerely making its efforts for having a joint venture. It is also true that a sincere joint-venture partner is not coming forward. If we succeed in getting it through with Kodak, then it may be possible. But the difficulty is, it may not be possible with such a huge loss and with such a large number of workers. There are a number of reasons which I would not like to go into at this stage. Sir, we have been making our best efforts. Kodak is putting a few conditions before it is willing to become a joint-venture partner. They would like to the company to downsize the number of employees to 1,000, settlement of liabilities and debts by the Government, duty-free import of certain materials, income tax and excise duty exemption for ten years, and some other conditions.

In order to safeguard the interests of the workers, the Government is seriously considering whether to negotiate with the company and whether it can go ahead with the joint-venture proposal.

SHRI SANGH PRIYA GAUTAM: What about the payment of salary to the employees?

SHRI MANOHAR JOSHI: The payment is regularly done. However, there is some amount of arrears, with regard to old wages, to be paid to them. The Government will, in due course, pay them.

SHRI PRANAB MUKHERJEE: As the hon. Minister has mentioned, they are looking into finding a joint-venture partner since 1995 and in the last five years, the joint-venture partner is simply not available. Some of the companies which are showing interest, are not interested in reviving the unit, but interested only in grabbing the prime land and dispose it of and make profits. Some of the outside companies which are showing interest, they are putting a lot of conditions which the hon. Minister has referred to with reference to the Kodak. Sir, I had the privilege of looking into the case of the Hindustan Photo Films when I was the Deputy Chairman of the Planning Commission. As Mr. Duraisamy has suggested that an outright grant of Rs. 150 should be given to revive this unit, we also made efforts in 1993-94 by providing a grant of Rs. 40 crores from the Planning Commission and Dr. Sahib, our Finance Minister at that time, agreed to do that. But, this did not solve the problem. The basic problem lies in technological obsolescence and import of certain products. Therefore, in the process of negotiation which you are having with the prospective joint partners, the emphasis will have to be laid on bringing in the new technology and trying to update the technology. Unless the technical upgradation takes place and the product mixes are changed, the unit cannot be made viable. Apart from Income-tax concessions and duty free import what is essential for reviving this unit from our side is that they should bring in the updated technology, the latest technology and have the new product mixes. I would like to know whether the Kodak or any prospective joint venture company has shown some interest in this regard.

SHRI MANOHAR JOSHI: Sir, the hon. Member is absolutely right in saying that it is necessary that new technology is brought in and then only will it be possible to revive the company. With regard to joint venture, I would like to say that when we start it, this will be one of our conditions from our side that the new technology, particularly the colour technology, is the only technology which can work in the present time. We cannot go ahead with the old technology. The polyester which we are using at present is outdated.

I am sure that one of the conditions from our side would be of bringing in new technology. Sir, initially when this company was started in 1960, the CTA technology was being used. Thereafter photosensitive products were manufactured. Till 1992 it was a profit-making company. After liberalisation, many private companies were started with new technology. As suggested by the hon. Member, we could not bring in the new technology due to financial constraints. Therefore, those companies went ahead, and this company could not do better because of the obsolete technology, and the matters have become difficult now. I would like to assure the House that whenever a new joint venture partner is brought in, the condition, as suggested by the hon. Member, will positively be put in.

SHRI RAJA RAMANNA: Mr. Chairman, Sir I think, this important factory which makes x-ray and colour films must be supported somehow or the other. But, I think the way the Minister is suggesting of asking for knowhow from outside will always produce obsolescent materials. The main problem is that unfortunately it has got minus Rs. 800 crores and with the very same money they would have reduced the staff and started research units at appropirate places to keep this technology at the highest pitch. We always make mistakes of believing that the Kodak or some other company would come with the latest technology. But, they will not. It has to be supported by the research units at appropriate places which should be supported financially. But, I think just by going from one obsolescence state and replacing it by another obsolescent technology will not solve this problem. This is a very important problem because photo films are required in many branches of our nation's life.

SHRI MANOHAR JOSHI: Sir, it is a matter of fact that in our country we have not been able to put thrust on the R&D department in the companies. Probably we were not able to do that because of the financial constraints. In the case of this company also, the research and development would be most important in future. The number of workers has been brought down. The number is still to be reduced, because one of the conditions put in by the joint-venture partner is that the number of workers should be 1000, whereas, at present, the strength of the workers is 2,580. Sir, in 1994-95, the strength of the workers 3488 and, gradually, it has been brought down to 2,580. These being public enterprises, when compared to

private enterprises, it has always been the case that the number of workers is more than the required number. There are a number of reasons for this. For example, 'Why was the recruitment done more than the required strenth, etc.' I do not want to go into the details. I agree with the hon. Member that we have to pay more attention to all our public enterprises, with regard to research and development, which we are doing. But this cannot be done in a short time; but it requires a long time. In the meantime, we are trying to bring in a joint-venture partner which is having a much better technological knowhow than our country.

SHRI K.R. MALKANI: Mr. Chairman, Sir, as a Member of the Consultative Committee for Industry, I had an opportunity to visit Ooty and make some study of this undertaking. It has been setup with great hope at the instance of Shri R. Vekataraman, who later *Rastrapati* of the Country. What I saw there surprised me. The reply says, "It is a sick company." Sir, it is not a sick company; it has been made sick by the liberalisation policy of the Government. The way we liberlized our industrial policy and the import policy, has runied this company like many other companies. The Chairman and Managing Director of the company told me that they had to fill a questionnaire running into 47 pages in order to prove that the other countries were dumping things here. The fact is, if anything selling in India is cheaper than in the country of origin, it shows that they are dumping. Why should we need any further proof of it?

Sir, the hon. Minister has said that efforts have been made, but no joint-venture partner could be found. It will not be possible because those companies are expecting this company to die. They would like to take it over at junk price. I learnt this not today, but three years back. My two basic question are: Will the Government consider having a fresh look at its import policy and the tariff structure? The import duties have been lowered so much that they have hurt too many of our industries too much and killed many industries. Will the Government have another closer look and save this company? Part (b) of my question is: The Chairman of the company told me, three years ago, that had the photo-identity cards work been placed with them, the company would have been saved. By not placing the others, a lot of other foreign and private companies were allowed to do this kind of work. I would like the Minister of clarify whether, in

future, as far as possible, Government's work pertaining to photo and film will be given to this company and not to any foreign company?

SHRI MANOHAR JOSHI: Sir, the contention of the hon. Member is above the liberlization policy and the tax structure, which is true, with regard to this company. But Sir, the customs duty of around 170 per cent during 1991-92, has come down, presently, to 53.80 per cent. This is not only happening with this company alone, but it is also happening with many other companies. In case of some companies, the duty has gone down even to zero per cent. Therefore, the Indian companies are finding it very difficult to face this situation. Some companies are facing even the problem of 'closure' because of the reduction, or, sometimes, bringing down the customs duty to zero per cent. I am giving a serious thought to this. I have already thought of bringing this to the notice of the hon. Prime Miniser because some people have companied to me. That is one of the reasons why I have decided to look into the problems of this company also. The problem of this company will also be brought to the notice of the hon. Prime Minister because, I personally feel, this company has a very good background and the company can be saved from closure, if the duty structure is re-examined. As far as the second part of the question, that is, giving a guarantee of the order is concerned, sometimes it becomes difficult, but if we want to save the public sector enterprises, including this company, to which he has referred to regarding the order of identify cards of 1993-94, I personally feel as we do in the case of railway wagons, or, we used to do in the case of railway wagons the order was given to our own companies—in this case also, in future if it is not prohibited by any other law, we will see to it that the Indian companies, particularly the private enterprises, are encouraged by giving them possible order.

Construction Activities in Urban Areas

*202. SHRI SANTOSH BAGRODIA: Will the Minister of URBAN EMPLOYMENT AND POVERTY ALLEVIATION be pleased to state:

(a) what steps Government are taking to accelerate the construction activities in urban areas, particularly for middle, lower-middle and poor segments of the society; and